



November 20, 2018

Item No. 9

AUTHORIZATION TO ENTER INTO A POWER PURCHASE AND LEASE AGREEMENT WITH VLV DEVELOPMENT FOR THE SUPPLY OF RENEWABLE ELECTRICITY AT DEARBORN HOMES

Presenters: Derek Messier, Chief Property Officer
Ellen M. Sargent, Director, Sustainable Initiatives and Projects

Recommendation

It is recommended that the Chicago Housing Authority (CHA) Board of Commissioners approve the attached Resolution authorizing the Chief Executive Officer (CEO) or his designee to enter into a Power Purchase and Lease Agreement (PPLA) with VLV Development for the supply of renewable electricity at Dearborn Homes.

The requested action complies in all material respects with all applicable federal, state and local laws, and CHA Board policies. Staff have completed all necessary due diligence to support the submission of this initiative.

FUNDING: Property Office Operating Fund for Utilities

BACKGROUND:

The local distributor of electricity for Chicago, Commonwealth Edison (ComEd), received a U. S. Department of Energy SunShot grant to build a microgrid in the Bronzeville community. ComEd then issued an RFP for Solar Developers to submit proposals to install solar electricity generation facilities within the established boundaries of the Bronzeville microgrid.

There are multiple CHA properties within these established boundaries and two solar developers approached the CHA to assess Dearborn Homes for a potential solar project. However, only VLV Development asked the CHA to partner on submitting a proposal in response to ComEd's solicitation for the installation of an onsite distributed solar generation system at Dearborn Homes.

ComEd chose VLV's proposal and awarded them a contract to design, install, operate and maintain this solar system. The next step is for the CHA to enter into a Power Purchase and Lease Agreement (PPLA) with VLV to buy the electricity that the solar installation will generate. The PPLA will be a sole source contract with VLV because they were the only solar developer that chose to partner with the CHA in response to the RFP solicited by ComEd.

In accordance with 2 CFR 200.319, the justification for awarding a sole source contract to VLV Development is because these services are available only from a single source. The grant funding to build the solar array is only available through the ComEd RFP, and the awarded solar developer from the RFP is VLV Development; who is also the only solar developer that asked the CHA to partner with them in submitting a proposal to ComEd's RFP.

The current technical performance model for the solar installation anticipates that it will generate 15% of Dearborn Homes' annual electrical usage. The PPLA with VLV will detail the responsibilities for operations and maintenance of all equipment and materials that collectively generate renewable energy for a term up to 20 years. This agreement will also confirm a unit price per kWh of electricity generated from the solar installation.

Vendor: VLV Development
47 W. Polk Street
Chicago, IL 60605

Contract Type: Power Purchase Agreement for Supply of Renewable Electricity

Contract Amount: NTE \$576,000 for initial term of 15 years; NTE \$38,125 for each additional year, up to 5 years (\$190,625 total)

Contract Term: January 1, 2019 – December 31, 2034 base term; additional annual options from January 1st, 2035 until December 31, 2039

Respectfully Submitted:

Derek Messier
Chief Property Officer

RESOLUTION NO. 2018-CHA-

WHEREAS, the Board of Commissioners of the Chicago Housing Authority has reviewed the memorandum dated November 20, 2018 entitled "AUTHORIZATION TO ENTER INTO A POWER PURCHASE AND LEASE AGREEMENT FOR THE SUPPLY OF RENEWABLE ELECTRICITY AT DEARBORN HOMES"

THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE CHICAGO HOUSING AUTHORITY:

THAT, the Board of Commissioners authorizes the Chief Executive Officer or his designee to execute a Power Purchase and Lease Agreement with VLV Development in an amount not to exceed \$576,000 over the term of the contract for an initial term of up to fifteen (15) years, and with up to five (5) additional one year options (up to twenty (20) years in total duration), subject to Board approval and/or budget appropriation as necessary.

Eugene E. Jones, Jr.
Chief Executive Officer
Chicago Housing Authority